

Message Text

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TO AMEMBASSY LIMA IMMEDIATE

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E.O. 11652: N/A

SUBJECT: UNIDO II - US GENERAL DEBATE STATEMENT

FOR US DELEGATION UNIDO II CONFERENCE

1. DRAFT GENERAL STATEMENT REVIEWED AS REQUESTED AND
GENERAL TONE AND SUBSTANCE APPROVED. NO MATERIAL FROM
ROBINSON'S MEETINGS IN PARIS IS DEEMED USEFUL FOR UNIDO
FORUM.

2. PARAGRAPH 13 SEEMS A LITTLE STRIDENT AND PERHAPS COULD
BE TONED DOWN TO AVOID TRIGGERING UNNECESSARILY NEGATIVE
REACTION. DELEGATION MAY USE ITS JUDGMENT.

3. SUGGEST USE OF FOLLOWING LANGUAGE TO REPLACE WHOLE OF
PARAGRAPH 7:

"7. TO HELP DEVELOPING COUNTRIES FIND NEW MARKETS
FOR THE PRODUCTS OF THEIR INDUSTRY IN THE UNITED STATES,
WE ARE IN THE PROCESS OF IMPLEMENTING OUR SYSTEM OF
GENERALIZED TARIFF PREFERENCES. IN THE NEXT FEW DAYS,
PRESIDENT FORD WILL ISSUE AN EXECUTIVE ORDER DESIGNATING
BENEFICIARY COUNTRIES. AT THE SAME TIME HE WILL ANNOUNCE
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THE LIST OF PRODUCTS ON WHICH THE US ADMINISTRATION PROPOSES,

SUBJECT TO PUBLIC HEARINGS AND INTERNATIONAL TRADE COM-MISSION ADVICE, TO ELIMINATE IMPORT DUTIES FOR DEVELOPING

COUNTRIES FOR TEN YEARS. THE SYSTEM IS EXPECTED TO BENEFIT OVER \$2 BILLION IN EXISTING DEVELOPING COUNTRIES' EXPORTS AND TO STIMULATE A SUBSTANTIAL AMOUNT OF NEW EXPORTS FROM THESE COUNTRIES. PRESIDENT FORD AND SECRETARY KISSINGER HAVE EXPRESSED CONCERN WITH RESPECT TO CERTAIN PROVISIONS OF THE TRADE ACT, INCLUDING THOSE WHICH RELATE TO THE ELIGIBILITY OF OIL-PRODUCING COUNTRIES. CONSULTATIONS BETWEEN THE ADMINISTRATION AND CONGRESS ON THIS ISSUE ARE MAKING GOOD PROGRESS."

4. SUGGEST FOLLOWING BE SUBSTITUTED FOR FIRST TWO SENTENCES IN PARAGRAPH 8:

"8. THE LONG-AWAITED GENERALIZED SYSTEM OF PREFERENCES HAS NOT MET NOR CAN IT BE EXPECTED TO MEET ALL OF THE EXPECTATIONS OF DEVELOPING COUNTRIES. WE ARE NEVERTHELESS OF THE VIEW THAT THE US GSP SYSTEM IS SIGNIFICANT - IT NOT ONLY WILL PROVIDE ADDITIONAL TRADE OPPORTUNITIES IN THE SHORT TERM - BUT IT IS A SUBSTANTIVE EXPRESSION OF OUR RECOGNITION OF THE NEED OF DEVELOPING COUNTRIES FOR SPECIAL TREATMENT. IT ALSO DEMONSTRATES THAT WE DO NOT REQUIRE OR EXPECT PRECISE RECIPROCITY IN EVERY CASE IN OUR TRADE RELATIONS WITH DEVELOPING COUNTRIES..."

5. SUGGEST ADDITION OF PARAGRAPH OR TWO AFTER PRESENT PARAGRAPH EIGHTEEN ON HOW INTERNAL CONSTRAINTS ON LDC INDUSTRIALIZATION ALSO NEED ATTENTION; AS MUCH AS, IF NOT MORE THAN, THOSE WHICH HAVE THEIR ORIGIN IN DEVELOPED COUNTRIES OR INTERNATIONAL RELATIONS. FOR THIS PURPOSE USDEL MAY DRAW UPON FOLLOWING CONCEPTS FOR GENERAL STATEMENT AND/OR SUBSEQUENT DEBATE-

"WHILE THE US FULLY SUPPORTS THE VIEW THAT NATIONAL AND INTERNATIONAL PRIVATE AND PUBLIC DEVELOPMENT RESOURCES CAN AND SHOULD BE MORE FULLY MOBILIZED AND DEVELOPED TO HELP SOLVE THE RAPIDLY GROWING PROBLEMS OF THE DEVELOPING COUNTRIES, WE HAVE BECOME INCREASINGLY CONVINCED THAT LIMITED OFFICIAL USE

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THE MOST SERIOUS OBSTACLES TO THIS ARE NOT INTERNATIONAL BUT ARE TO BE FOUND INSTEAD IN VARIOUS INTERNAL STRUCTURE, INSTITUTIONAL AND OTHER WEAKNESSES IN THE DEVELOPING COUNTRIES THEMSELVES; WHICH WEAKNESSES, IF NOT CORRECTED, WILL CONTINUE TO MAKE IT IMPOSSIBLE FOR THEM TO ABSORB EFFICIENTLY, LET ALONE EXPAND RAPIDLY, INDUSTRIAL DEVELOPMENT EXPENDITURES WITHOUT MUCH ADDED WASTE OF SCARCE DEVELOPMENT RESOURCES. EVIDENCE OF THIS MAY BE

FOUND IN THE FACT THAT THERE IS MUCH UNEMPLOYMENT AND UNDEREMPLOYMENT OF EXISTING INDUSTRIAL CAPACITY IN MOST DEVELOPING COUNTRIES; AND MUCH OF WHAT IS NOW EMPLOYED IS OFTEN INEFFICIENT IN VARIOUS WAYS.

"HIGH PRIORITY THEREFORE SHOULD BE GIVEN TO ELIMINATING THOSE CONDITIONS AND FORCES WHICH NOW STAND IN THE WAY OF A FULLER, MORE EFFICIENT TRANSFER, ADAPTATION, DEVELOPMENT AND APPLICATION OF EXISTING INDUSTRIAL CAPACITY AND OTHER RESOURCES. MOST IMPORTANT AMONG THESE ARE THE FOLLOWING: (A) THE ABSENCE OF ADEQUATE INDUSTRIAL TECHNOLOGICAL TRANSFER, MARKET AND OTHER RESEARCH, TRAINING AND DEVELOPMENT SERVICES AND OTHER RESOURCES NECESSARY TO PROVIDE ACCESS TO, AND ENABLE SMALLER MANUFACTURERS ESPECIALLY, TO FULLY AND EFFICIENTLY EXPLOIT THE POTENTIALS OF MODERN SCIENCE AND TECHNOLOGY; COUPLED WITH THIS (B) THE ABSENCE OF SUFFICIENT TRUE COMPETITION TO PROVIDE INCENTIVES TO THOSE ENTREPRENEURS, WHO ARE ALREADY FULLY LINKED INTO THE DEVELOPMENTAL-MODERNIZING PROCESS, TO SEEK OUT, TRANSFER, ADAPT AND/OR DEVELOP TECHNOLOGIES AND INDUSTRIAL OPPORTUNITIES MOST APPROPRIATE TO THE FACTOR ENDOWMENTS OF THEIR RESPECTIVE COUNTRY SITUATION; AND REINFORCING THIS (C) FISCAL, MONETARY, LABOR AND OTHER PUBLIC AND PRIVATE POLICIES WHICH ARE DISTORTING FACTOR PRICES AND ARE OFTEN THEREBY ACTUALLY ENCOURAGING INAPPROPRIATE CHOICES IN INDUSTRIAL DEVELOPMENT; AND (D) THE ABSENCE OF MARKETS OF SUFFICIENT SIZE AND DEPTH TO MAKE IT POSSIBLE FOR INDUSTRIAL ENTREPRENEURS TO REALIZE MORE FULLY THE POTENTIAL BENEFITS FROM LONG-PRODUCTION RUNS AND/OR OTHER ECONOMIES OF SCALE ASSOCIATED WITH THE APPLICATION OF MODERN SCIENCE AND TECHNOLOGY (I.E., LARGE AND RAPIDLY GROWING NUMBERS OF LIMITED OFFICIAL USE

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THEIR RURAL AND URBAN POOR MUST BE BROUGHT INTO THE MARKET ECONOMY)."'

ROBINSON

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